Document No. 4450
Voted at Meeting of 5/23/84

MEMORANDUM MAY 23, 1984

TO: BOSTON REDEVELOPMENT AUTHORITY

FROM: ROBERT J. RYAN, DIRECTOR

SUBJECT: CHARLESTOWN NAVY YARD PROJECT, BUILDING 36 - FINAL DESIGNATION, AUTHORIZATION TO EXECUTE LEASE

As you know, the City of Boston has received an Urban Development Action Grant (UDAG) for this project in the amount of $761,000 which will be used to complete Ship Yard Park, renovate Dry Dock #2 and create 135 surface parking spaces for Building 36's tenants. The Authority staff has worked extensively with HUD to assure the retention of this UDAG for this project while detailed lease negotiations were ongoing between staff and Incubator Associates. HUD will terminate this UDAG Grant shortly unless construction begins within 60 days.

In this regard, Incubator Associates, tentatively designated to redevelop Building 36 on November 12, 1981, is now prepared to begin construction to renovate this historic property into prime retail and office space. It is the first commercial redevelopment to occur in the Charlestown Navy Yard and it is expected that it will greatly stimulate development interest in the proximate buildings also slated for commercial redevelopment.

Incubator Associates (Bernard Goldhirsh and Jerome L. Rapport) have secured a lease for one of the office floors and are currently negotiating lease terms with an established restauranteur for the ground floor retail space. The remaining two floors of office space will be leased prior to the completion of construction.

Commercial development has been a central feature in the Charlestown Navy Yard Urban Renewal Area since its inception. Actual commercial development has been stymied due to the inability to successfully demonstrate that the Navy Yard is a place where the private office sector wants to be located. The absence of existing retail uses and the reluctance of commercial tenants to execute leases for the Navy Yard's historic properties have greatly delayed our overall redevelopment of the Ship Yard.

The preliminary approval of a $5,750,000 bond issue by the Boston Industrial Finance Development Agency for the redevelopment of Building 36 is a significant indication that commercial development will now accelerate in the Navy Yard.

The economic benefits to the City of Boston generated through the development of Building 36 are significant. The developer will reimburse the City of Boston for $571,000 in UDAG funds at 9.58% interest over a 30 year period. The annual payment of $58,000 will ultimately return $1,740,000 to the City of Boston. The property

will be fully assessed for tax purposes and will generate up to $102,000 per annum in taxes to the City at 100% occupancy. Under a lease, the BRA will receive rent of $35,045 for the first 5 years of the project. This will then be increased by 75% of the cumulative C.P.I. increase over the preceeding years, and adjusted annually thereafter by a similar amount for 80 years.

It is recommended therefore that Incubator Associates be given Final Designation to develop Building 36 in the Charlestown Navy Yard and the Director be authorized to execute lease with Incubator Associates for Building 36.

An appropriate Resolution is attached.

RESOLUTION OF THE BOSTON REDEVELOPMENT AUTHORITY
RE: FINAL DESIGNATION OF INCUBATOR ASSOCIATES AS REDEVELOPER OF BUILDING 36 IN THE CHARLESTOWN URBAN RENEWAL AREA, MASS. PROJECT NO. R-55; AUTHORIZATION TO EXECUTE LEASE.

WHEREAS, the Boston Redevelopment Authority (hereinafter referred to as the "Authority"), on November 12, 1981, tentatively designated the Incubator Associates as Redeveloper of Building 36 in the Charlestown Urban Renewal Area; and

WHEREAS, the Authority is cognizant of the conditions that are imposed in the undertaking and carrying out of projects in Urban Renewal Areas created with financial assistance under Title I of the Housing Act of 1949, including those prohibiting discrimination because of race, color, sex, religion or national origin; and

WHEREAS, the Authority is cognizant of the restrictions on land use set forth in the Charlestown Urban Renewal Plan, as adopted by the Boston Redevelopment Authority on March 25, 1965 and approved by the City Council of the City of Boston on June 9, 1965, as amended; and

WHEREAS, the Authority has determined that the plans for the development of said Building 36 by the Incubator Associates, as submitted and reviewed by the Authority's staff, conform to the Charlestown Urban Renewal Plan, as amended; and

WHEREAS, the Authority is cognizant of Chapter 30, Sections 61 through 62H of the Massachusetts General Laws, as amended, with respect to minimizing and preventing damage to the environment;

NOW, THEREFORE BE IT RESOLVED BY THE BOSTON REDEVELOPMENT AUTHORITY:

1. That Incubator Associates be and hereby is finally designated as Redeveloper of Building 36 in the Charlestown Urban Renewal Area, Mass. Project No. R-55.

2. That it is hereby determined that Incubator Associates possess the requisite qualifications and financial resources to develop Building 36 in accordance with the Charlestown Urban Renewal Plan.

3. That all practicable and feasible means and measures have been taken and are being utilized to avoid and minimize damage to the environment.

4. That the proposed development by Incubator Associates of Building 36 in the Charlestown Urban Renewal Area conforms in all respects with said Urban Renewal Plan, as amended.

5. That the final Design Development Drawings submitted by Incubator Associates conform in all respects to the Charlestown Urban Renewal Plan, as amended, and that said Design Development Drawings be and hereby are approved.

6. That the Director be and hereby is authorized to execute a Lease of Building 36 with Incubator Associates, which Lease shall be substantially in the form attached hereto with such changes thereto as the Director may deem necessary and appropriate, and which shall be held in escrow pending completion and approval of Final Working Drawings and Specifications to be submitted by Incubator Associates. The Director is further authorized to execute a license for early entry onto the site and to execute any additional documentation that may be necessary to effectuate the development. That the Director be further authorized to convey such temporary easements in adjoining property as are needed for the location of additional utilities and access.

7. That the Secretary of the Authority is hereby authorized and directed to publish notice of the proposed transaction in accordance with Section 105(e) of the Housing Act of 1949, as amended, including information with respect to the "Redeveloper's Statement for Public Disclosure".